

**REPORT OF THE AUDIT OF THE
LIVINGSTON COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE LIVINGSTON COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2002**

The Auditor of Public Accounts has completed the Livingston County Fiscal Court audit for the fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Cash balances decreased by \$170,422 from the beginning of the year, resulting in a cash surplus of \$1,221,708 as of June 30, 2002.

Debt Obligations:

Capital lease principal agreements totaled \$15,000 as of June 30, 2002. Future principal and interest payments of \$16,146 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Chris Lasher, Livingston County Judge/Executive

Honorable Joe Ward, Former Livingston County Judge/Executive

Members of the Livingston County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity balances arising from cash transactions of Livingston County, Kentucky, as of June 30, 2002, the related statement of cash receipts, cash disbursements, and changes in cash balances and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Livingston County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Livingston County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity balances of Livingston County, Kentucky, as of June 30, 2002, its receipts and disbursements, and the cash flows of its enterprise fund for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Chris Lasher, Livingston County Judge/Executive
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In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2003 on our consideration of Livingston County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Livingston County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 9, 2003

LIVINGSTON COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Joe Ward	Former County Judge/Executive
Jerry Deatherage	Magistrate
Joe O'Bryan	Magistrate
Roy Ringstaff	Magistrate
Terry Stringer	Magistrate

Other Elected Officials:

Billy Riley	County Attorney
Lannie Hall	Former Jailer
James Jones	County Clerk
Connie Myrick	Circuit Court Clerk
Tommy Williams	Sheriff
Sue Ann Carver	Property Valuation Administrator
Harry Van Smith	Coroner

Appointed Personnel:

Tracie Belcher	County Treasurer
Tracy Mitchell	Occupational Tax Collector
Tana Doom	Finance Officer

STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY BALANCES ARISING FROM CASH TRANSACTIONS

LIVINGSTON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2002

	<u>Governmental</u> <u>Fund Type</u>	<u>Proprietary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum Only)</u>
	<u>General</u>	<u>Enterprise</u>	
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,214,436	\$ 8,846	\$ 1,223,282
Total Assets	<u>\$ 1,214,436</u>	<u>\$ 8,846</u>	<u>\$ 1,223,282</u>
<u>Other Resources</u>			
Amounts to Be Provided In Future Years for:			
Capital Lease (Note 4)	\$ 15,000	\$	\$ 15,000
Total Other Resources	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 15,000</u>
Total Assets and Other Resources	<u><u>\$ 1,229,436</u></u>	<u><u>\$ 8,846</u></u>	<u><u>\$ 1,238,282</u></u>

The accompanying notes are an integral part of the financial statements.

LIVINGSTON COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND EQUITY BALANCES ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

	Governmental Fund Type	Proprietary Fund Type	Totals (Memorandum Only)
	General	Enterprise	
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Capital Lease (Note 4)	\$ 15,000	\$	\$ 15,000
Payroll Revolving Account	1,574		1,574
Total Liabilities	<u>\$ 16,574</u>	<u>\$ 0</u>	<u>\$ 16,574</u>
<u>Equity</u>			
Retained Earnings:			
Reserved	\$	\$ 8,846	\$ 8,846
Fund Balances:			
Reserved	17,502		17,502
Unreserved	1,195,360		1,195,360
Total Equity	<u>\$ 1,212,862</u>	<u>\$ 8,846</u>	<u>\$ 1,221,708</u>
Total Liabilities and Equity	<u>\$ 1,229,436</u>	<u>\$ 8,846</u>	<u>\$ 1,238,282</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LIVINGSTON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 3,925,048	\$ 1,097,206	\$ 1,138,312	\$ 56,742
Jail Canteen Receipts	6,376			
Other Financing Sources:				
Transfers In	277,000			277,000
Kentucky Advance Revenue Program	476,600	476,600		
Total Cash Receipts	<u>\$ 4,685,024</u>	<u>\$ 1,573,806</u>	<u>\$ 1,138,312</u>	<u>\$ 333,742</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,079,062	\$ 892,453	\$ 1,253,684	\$ 343,481
Jail Canteen Expenditures	10,884			
Other Financing Uses:				
Transfers Out	277,000	277,000		
Capital Lease on Voting Machines:				
Principal Paid	7,000	7,000		
Emergency Operations Central Lease:				
Principal Paid	4,900	4,900		
Kentucky Advance Revenue Program Repaid	476,600	476,600		
Total Cash Disbursements	<u>\$ 4,855,446</u>	<u>\$ 1,657,953</u>	<u>\$ 1,253,684</u>	<u>\$ 343,481</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (170,422)	\$ (84,147)	\$ (115,372)	\$ (9,739)
Cash Balance - July 1, 2001	<u>1,392,130</u>	<u>440,318</u>	<u>445,476</u>	<u>16,029</u>
Cash Balance - June 30, 2002	<u>\$ 1,221,708</u>	<u>\$ 356,171</u>	<u>\$ 330,104</u>	<u>\$ 6,290</u>

The accompanying notes are an integral part of the financial statements.

LIVINGSTON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
For The Fiscal Year Ended June 30, 2002
(Continued)

<u>General Fund Types</u>		<u>Enterprise Fund Type</u>
Local Government		
Economic Assistance Fund	Occupational Tax Fund	Jail Canteen
\$ 293,623	\$ 1,339,165	\$ 6,376
<u>\$ 293,623</u>	<u>\$ 1,339,165</u>	<u>\$ 6,376</u>
\$ 430,404	\$ 1,159,040	\$ 10,884
<u>\$ 430,404</u>	<u>\$ 1,159,040</u>	<u>\$ 10,884</u>
\$ (136,781)	\$ 180,125	\$ (4,508)
<u>337,243</u>	<u>139,710</u>	<u>13,354</u>
<u>\$ 200,462</u>	<u>\$ 319,835</u>	<u>\$ 8,846</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH
Flows-Proprietary Fund Type

LIVINGSTON COUNTY
STATEMENT OF CASH
FLows-PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2002

	<u>Enterprise Fund Type</u>
	<u>Jail Canteen Fund</u>
Cash Flows From Operating Activities:	
Cash Received From Inmate Sales	\$ 6,376
Payments to Suppliers	(6,072)
Payments to Employees	(100)
Other Receipts (Payments)	<u> (4,712)</u>
Net Cash (Used) By Operating Activities	\$ (4,508)
Cash and Cash Equivalents - July 1, 2001	<u> 13,354</u>
Cash and Cash Equivalents - June 30, 2002	<u><u> 8,846</u></u>

The accompanying notes are an integral part of the financial statements.

LIVINGSTON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Livingston County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Livingston County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Livingston County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Livingston County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Livingston County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund and the Occupational Tax Fund, which includes the prior year Convalescent Center Fund.

LIVINGSTON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Livingston County Enterprise Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Livingston County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

LIVINGSTON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

Cash includes amounts in bank accounts and investments are stated at cost. For the purpose of the statement of cash flows, the county considers all investments with a maturity date of three months or less when purchased to be cash equivalents.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Livingston County Senior Citizens Center is considered a related organization of Livingston County Fiscal Court.

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the Livingston-Crittenden Water District is considered a joint venture of the Livingston County Fiscal Court.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

LIVINGSTON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2002
 (Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Capital Lease

The county entered into a capital lease with the Kentucky Association of Counties Leasing Trust for voting machines on November 30, 1994, for \$62,000 at various interest rates. The principal outstanding as of June 30, 2002 totals \$15,000. Future lease principal and interest requirements are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2003	\$ 827	\$ 7,000
2004	319	8,000
Totals	<u>\$ 1,146</u>	<u>\$ 15,000</u>

Note 5. Commitments and Contingencies

Livingston County co-signed a loan for the Ledbetter Sanitation District for \$35,000 on November 24, 1999. The loan was with the Kentucky Area Development Districts Financing Trust. The note expires December 1, 2004.

Note 6. Insurance

For the fiscal year ended June 30, 2002, Livingston County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

LIVINGSTON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Types</u>			
General Fund	\$ 1,375,766	\$ 1,097,206	\$ (278,560)
Road and Bridge Fund	1,208,786	1,138,312	(70,474)
Jail Fund	64,302	56,742	(7,560)
Local Government Economic Assistance Fund	446,750	293,623	(153,127)
Occupational Tax Fund	<u>1,410,000</u>	<u>1,339,165</u>	<u>(70,835)</u>
Totals	<u>\$ 4,505,604</u>	<u>\$ 3,925,048</u>	<u>\$ (580,556)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 4,505,604
Add: Budgeted Prior Year Surplus	1,068,830
Add: Borrowed Money	500,000
Less: Other Financing Uses	<u>(515,900)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 5,558,534</u>

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SCHEDULE OF OPERATING REVENUE

LIVINGSTON COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

	<u>GOVERNMENTAL FUND TYPE</u>
<u>Revenue Categories</u>	<u>General Fund Types</u>
Taxes	\$ 1,377,050
In Lieu Tax Payments	175,197
Excess Fees	33,695
Licenses and Permits	8,142
Intergovernmental Revenues	1,588,254
Charges for Services	585,504
Miscellaneous Revenues	90,542
Interest Earned	<u>66,664</u>
Total Operating Revenue	<u>\$ 3,925,048</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

LIVINGSTON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPES		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 977,343	\$ 575,708	\$ 401,635
Protection to Persons and Property	963,746	889,851	73,895
General Health and Sanitation	845,381	696,924	148,457
Social Services	22,922	12,801	10,121
Recreation and Culture	41,475	27,559	13,916
Roads	1,533,610	1,481,215	52,395
Road Facilities	215,000		215,000
Debt Service	14,250	7,604	6,646
Capital Projects	150,750		150,750
Administration	794,057	387,400	406,657
 Total Operating Budget - General Fund Types	 \$ 5,558,534	 \$ 4,079,062	 \$ 1,479,472
Other Financing Uses:			
Borrowed Money-			
Kentucky Advanced Revenue Program - Principal	500,000	476,600	23,400
Emergency Operations Central Lease- Principal	4,900	4,900	
Capital Lease On Voting Machines- Principal on Lease	11,000	7,000	4,000
 TOTAL BUDGET - GENERAL FUND TYPES	 \$ 6,074,434	 \$ 4,567,562	 \$ 1,506,872

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
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Finance and Administration Cabinet
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Honorable Chris Lasher, Livingston County Judge/Executive
Honorable Joe Ward, Former Livingston County Judge/Executive
Members of the Livingston County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Livingston County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated July 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Livingston County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Livingston County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 9, 2003

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

LIVINGSTON COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002


CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
LIVINGSTON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2002

The Livingston County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

